

Media Release

High Street Banks Fending Off Business FX Challengers ...For Now

(15 December 2022 – United Kingdom) In the most highly competitive Business FX market on the planet, major British banks including Barclays, Citi, HSBC and Lloyds are kings...for now.

Over one in four British enterprises nominate a non-bank as their primary Spot FX provider such as American Express, Wise, WorldFirst, Monex, Atlantic Partners Asia or Convera in the SME (25 percent) and Microbusiness segments (28 percent).

Challenger brands outside of the banks in the United Kingdom (UK) are even more prominent as secondary Spot FX providers for one-off or infrequent needs, garnering 33 percent relationship share cumulatively in both segments.

That relationship share total is comprised of 16 major non-bank FX offerings and a standalone "other" aggregate category of single named entities which continues to expand rapidly.

The newly released East & Partners research, based on direct interviews with 2,224 British importers and exporters, reveals specifically which non-bank providers capture the greatest relationship share. The analysis also outlines key providers growing at the fastest pace in the face of a concerted fight back from prominent high street, domestic and international banks.

Following a period of hard won relationship share gains by this growing cohort of non-bank providers, banks are clearly pushing back via "stickier" risk product relationships in Forward FX and FX Options.

Hedging activity is lifting in response to rising concern towards FX volatility stemming from higher inflation and interest rates. Despite mounting headwinds in the form of recessionary risks and geopolitical tensions, FX volumes remain elevated according to the Bank for International Settlements (BIS) Triennial Central Bank FX Survey.

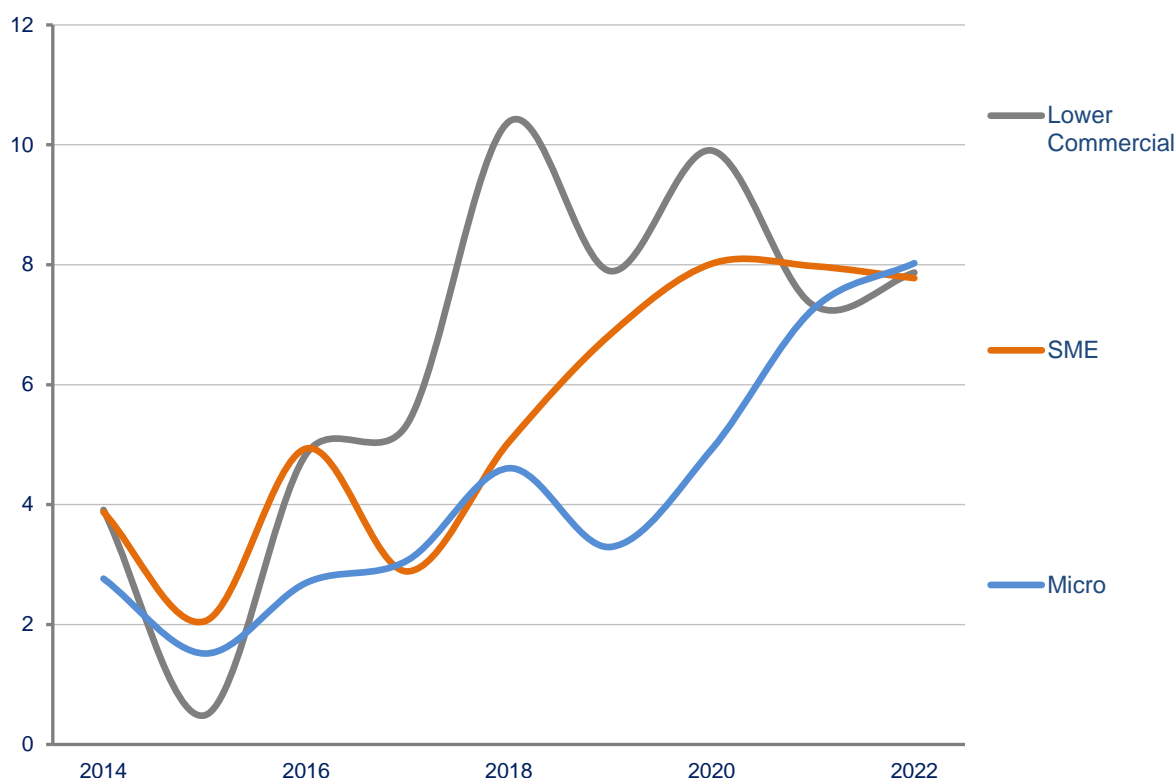
Global FX turnover averaged US\$7.5 trillion per day in April 2022 according to the latest BIS report, marking an increase of 14 percent from the prior April 2019 reporting. London remains "the" preeminent hub for FX.

"The number of single named FX providers has ballooned to 30 in the ultra-competitive UK Business FX market, over double the number of any other market captured as part of our Global Business FX research" commented East & Partners Global Head of Markets Analysis, Martin Smith.

"CFOs and treasurers continue to actively spread their wallet across multiple providers for Spot FX execution. While major non-banks have successfully got a foot in the door, ongoing growth will be predicated on overcoming perennial pain points including frustration with onboarding procedures, specific FX platform functionality and advice for managing currency exposure when expanding into new trade corridors" Smith added.

Non-Bank "Other" FX Providers - Primary Spot FX Relationship Share

% of Total



Source: East & Partners United Kingdom Business FX Program – December 2022 (N: 2,224)

About the research:

The eighteenth consecutive round of six-monthly demand-side assessments of the [United Kingdom \(UK\) Business Foreign Exchange \(FX\)](#) market closely monitors competitive positioning in the world's most high growth, highly competitive and active FX hub.

The analysis is based on direct interviews with 2,224 CFOs and treasurers with active FX arrangements in place. A screen is applied to only capture importers and exporters nationwide.

The relative performance, behaviour and product engagement of businesses with their bank or FX provider is quantified across product engagement, market share, wallet share and customer satisfaction performance metrics.

East's demand side analysis provides coverage of Spot FX, Forward FX and FX Options product categories and the program corresponds reporting in other markets including France, USA, Canada, Hong Kong, Singapore, Philippines, Malaysia, Australia and New Zealand.

Released: December 2022 / June 2023

Customer Segments:

Micro Business	£1 - 5 million annual turnover
Small to Medium Enterprises (SME)	£5 - 20 million annual turnover
Lower Commercial	£20 - 725 million annual turnover

About East & Partners

East & Partners is a leading specialist business banking market research and analysis firm. The firm's core expertise is in the provision of analysis and advisory services tailored for the commercial, business and institutional banking markets across Asia Pacific, Australasia, Europe and North America.

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